

Message Text

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ACTION IO-14

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TO SECSTATE WASHDC PRIORITY 0000F

INFO AEC GERMANTOWN

UNCLAS SECTION 1 OF 2 IAEA VIENNA 2229

E.O. 11652: N/A

TAGS: AORG, AFIN, IAEA

SUBJECT: IAEA BUDGET FOR 1975

REF: IAEA VIENNA 1869

1. SUMMARY: DRAFT IAEA PROGRAM FOR 1975-80 AND BUDGET FOR 1975 CIRCULATED MARCH 11 AS GOV/1656 (COPIES AIRMAILED 10/2:5 - GALANTO AND AEC/IP- AMMONS) WHICH WILL BE CONSIDERED BY BOARD OF GOVERNORS ADMINISTRATIVE AND BUDGETARY COMMITTEE ON APRIL 8. THIS MESSAGE PROVIDES BASIC FINANCIAL INFORMATION ON PROPOSED 1975 BUDGET; FURTHER INFORMATION ON PRESENTATION, FINANCING, TARGET FOR VOLUNTARY CONTRIBUTIONS, ADDITIONAL PROGRAM INCREASES AND MISSION COMMENTS ON PROPOSED PROGRAM AND SPECIFIC BUDGETARY ALLOCATIONS WILL FOLLOW SEPTELS. END SUMMARY.

2. TOTAL REGULAR BUDGET ESTIMATE FOR 1975 IS \$25,484,000, WHICH REPRESENTS INCREASE OF \$4,020,000 OR 17.9PER CENT OVER 1974 ADJUSTED BUDGET. \$2,348,900, OR 10.5 PER CENT, OF THIS INCREASE IS DUE TO COST OR PRICE INCREASES, AND \$1,611,100 OR 6.4 PER CENT IS PROPOSED PROGRAM INCREASE. INCOME TO REGULAR BUDGET FROM VARIOUS SORCES, INCLUDING SALES OF AGENCY UNCLASSIFIED

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PUBLICATIONS AND INIS OUTPUT, REIMBURSEMENTS FROM

UNIDO FOR JOINT OR COMMON SERVICES AND FROM FAO FOR AGRIS SERVICES, ALLOCATION FROM US SPECIAL ACCOUNT, IS ESTIMATED AT \$2,215,000, AN INCREASE OF \$288,000 OR 14.9 PERCENT OVER 1974 ADJUSTED FIGURES; \$123,000 OR 6.4 PER CENT OF INCOME INCREASE IS ATTRIBUTABLE TO PRICE INCREASES, AND \$165,000 OR 8.5 PER CENT REPRESENTS PROGRAM INCREASE IN INCOME.

3. ASSESSMENTS ON MEMBER STATES (REGULAR BUDGET REQUEST LESS INCOME) FOR 1975 CURRENTLY TOTAL \$24,269,000, AN INCREASE OF \$1,132,000 OR 5.7 PER CENT OVER AMOUNT ASSESSED ON MEMBERS FOR 1975. RELATIVELY SMALL SIZE OF THIS INCREASE IS DUE LARGELY TO FACT THAT ASSESSMENTS ON MEMBERS FOR 1974 INCLUDED \$4.6 MILLION FOR CONTINGENT FINANCING, NOT ALL OF WHICH IS REFLECTED IN ADJUSTED BUDGET FIGURES.

4. AS DISCUSSED REFTEL, DOCUMENT NOTES THAT 1974 ADJUSTED BUDGET COST FIGURES AND 1975 ESTIMATES WERE PREPARED BASED ON EXCHANGE RATE OF AS21.00 TO US \$1.00 WITH NOTE THAT FIGURES FOR 1974 WILL BE REVISED TO REFLECT AMOUNT OF 1974 CONTINGENT FINANCING APPROPRIATION WHICH JUNE OR SEPTEMBER BOARD SESSION WILL BE ASKED TO APPROVE FOR USE. TREATMENT IN TEXT OF POTENTIAL PROBLEM CREATED BY FLOATING EXCHANGE MARKET FOR 1975 ESTIMATES IS ABOUT AS DISCUSSED REFTEL.

5. AS PREVIOUSLY REPORTED, DOCUMENT REFLECTS FOOTNOTED FIGURE OF \$3-MILLION, SUBJECT TO REVISION, IN TABLES PROJECTING AMOUNT OF OPERATING FUND II FOR 1975, AND LEAVES BOARD'S RECOMMENDATION AS TO LEVEL OF TARGET BLANK PENDING DISCUSSION AND AGREEMENT BY COMMITTEE ON LEVEL.

6. ALSO AS PREVIOUSLY REPORTED, DG SUGGESTS BOARD RECOMMENDATION THAT LEVEL OF WORKING CAPITAL FUND REMAIN AT \$2-MILLION FOR 1975, WHICH AMOUNT WILL BE SUFFICIENT "ONLY IF MEMBERS ADHERE TO OR IMPROVE UPON THE AGREEMENT REGARDING THE TIMING OF PAYMENTS REACHED IN RESPECT OF THE 1973 BUDGET."

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7. ESTIMATES FOR STAFF COSTS ARE BASED ON SEVEN CLASSES OF POST ADJUSTMENT, AND ALLOW FOR CERTAIN AMOUNT OF PROJECTED INCREASE IN GS/M&O SALARIES DURING 1975; ACCORDING TO SECRETARIAT, FOLLOWING PRACTICE OF PAST FEW YEARS, THESE ARE ONLY REASONABLE CERTAIN FUTURE COST INCREASES REFLECTED IN ESTIMATES.

8. CONSOLIDATED MANNING TABLE FOR 1975 REFLECTS TOTAL INCREASE OF 32 POSITIONS REQUESTED OVER 1974 ADJUSTED MANNING TABLE, INCLUDING 6 NEW PROFESSIONAL POSTS (NET OF 12 NEW POSITIONS AND ABOLITION OF 6 AUTHORIZED POSITIONS), 23 NEW GS AND 3 NEW M&O FOR OVERALL LEVELS OF 444 PROFESSIONALS, 576 GS AND 170 M&O, TOTAL 1190 REGULAR STAFF. BULK OF THESE CHANGES ARE IN DEPARTMENTS OF ADMINISTRATION (13), TECHNICAL OPERATIONS (9) AND RESEARCH AND ISOTOPES (8); FOR FIRST TIME IN NUMBER OF YEARS, DEPARTMENT OF SAFEGUARDS HAS NO RPT NO REQUESTED NET INCREASE IN AUTHORIZED POSITIONS (ALTHOUGH BUDGET INCLUDES REQUEST FOR FOUR UPGRADINGS OR NEW POSITIONS BALANCED AGAINST THOSE ABOLISHED) SINCE LARGE INCREASE WAS AUTHORIZED IN 1974 WHICH SHOULD SUFFICE FOR PROGRAM REQUIREMENTS IN 1975.

9. 1976 PRELIMINARY REGULAR BUDGET ESTIMATES TOTAL \$29,916,000, WITH \$27,600,00 (NET OF PROJECTED INCOME OF \$2,316,000) ASSESSED AGAINST MEMBERS. PRELIMINARY 1976 MANNING TABLE REFLECTS TOTAL AUTHORIZED STAFF OF 1214, INCLUDING 452 PROFESSIONAL, 589 GS AND 173 M&O.

10. BUDGET ALSO NOTES THAT DG WILL PRESENT TO A&B COMMITTEE A SEPARATE DOCUMENT DEALING WITH INTRODUCTION

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OF NUCLEAR POWER IN DEVELOPING COUNTRIES, IN WAKE OF ENERGY CRISIS AND DISCUSSION AT FEBRUARY BOARD REPORTED IAEA VIENNA 1484. THIS DOCUMENT WILL REPRESENT SUBSTANTIAL REWRITE OF PROGRAM SECTIONS DEALING WITH NUCLEAR POWER AND REACTORS AND NUCLEAR SAFETY AND ENVIRONMENTAL PROTECTION, WITH SOME PROBABLE MODIFICATIONS ELSEWHERE. THERE WILL RPT WILL BE CONSEQUENT REQUEST FOR ADDITIONAL PROGRAM INCREASE IN THESE TWO (AND PERHAPS IN OTHER RELATED) PROGRAMS TO REFLECT INCREASED DEMANDS ON AGENCY STAFF AND BOARD REQUEST FOR EXPEDITIOUS ACTION IN THIS AREA. MISSION AS YET HAS NO IDEA OF WHAT MAGNITUDE OF THIS REQUESTED PROGRAM INCREASE WILL BE; OUR GUESS IS THAT IT WOULD BE SURPRISING IF IT AMOUNTED TO LESS THAN \$500,000, INCLUDING REQUEST FOR AUTHORIZATION OF SEVERAL ADDITIONAL STAFF POSTS, AND I COULD TOTAL AS MUCH AS \$1,000,000 OR MORE, IN RESPECT OF 1975 REGULAR BUDGET ALONE. ACCORDINGLY, ABOVE TOTAL FIGURES WILL HAVE TO BE MODIFIED AFTER THESE ESTIMATES BECOME AVAILABLE, AND MAY REQUIRE FURTHER MODIFICATION AT TIME OF JUNE BOARD DEPENDING ON OUTCOME AND RECOMMENDATIONS FROM A&B COMMITTEE DISCUSSION, AND/OR APRIL 1-5 AD HOC ADVISORY COMMITTEE ON NUCLEAR POWER PLANT SAFETY AND RELIABILITY (IAEA VIENNA 2121 AND 2122), AND/OR GROUP OF HIGH-LEVEL EXPERTS WHICH WILL BE CONVENED TO STUDY AGENCY'S OVERALL PROGRAM FOR INTRODUCTION OF NUCLEAR UNCLASSIFIED

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POWER IN DEVELOPING COUNTRIES LATER THIS SPRING.

11. IAEA SCALE OF ASSESSMENTS FOR 1975 WILL BE FORMALLY PREPARED BY SECRETARIAT DURING SUMMER, BASED ON AGENCY MEMBERSHIP SITUATION, BUDGET REQUESTS AND FINANCIAL DATA AS OF AUGUST 31, 1974. DUE TO APPLICATION THIS YEAR OF UN SCALE (ON WHICH IAEA SCALE IS GENERALLY BASED) WHICH INCLUDES REDUCTION OF US RATE TO 25 PER CENT, US RATE OF ASSESSMENT IN IAEA WILL BE CONSIDERABLY LOWER THAN ITS 1974 LEVEL (31,90825 PER CENT). SECRETARIAT IS STILL CONSULTING WITH MISSION AND INTERNALLY ON APPLICATION OF THIS YEAR'S NEW UN SCALE TO AGENCY SITUATION, AND AS RESULT DOES NOT RPT NOT YET HAVE ANY FIRM PROJECTION AS TO LIKELY US BASE RATE FOR 1975; AFTER IT IS FIXED, THIS WILL, OF COURSE, BE SUBJECT TO INCREASE THROUGH APPLICATION OF SAFEGUARDS FINANCING FORMULA. AT THIS POINT, HOWEVER, IN MISSION AND SECRETARIAT OPINION, US 1975 SCALE OF ASSESSMENT RATE (I.E., BASE RATE COMBINED WITH SAFEGUARDS FINANCING ADJUSTMENT) IS NOT RPT NOT LIKELY IN ANY FORSEEABLE EVENT TO EXCEED 30.0 PER CENT. ACCORDINGLY, MISSION SUGGESTS THAT DEPARTMENT USE THIS AS PLANNING FIGURE, SUBJECT TO REVISION DOWNWARD AFTER FINAL SHAPE OF IAEA

1975 SCALE AND FINAL AMOUNTS OF BUDGET REQUEST (WHICH
WILL HAVE CORRESPONDING AFFECT ON RATES OF ASSESSMENT
DUE TO SAFEGUARDS FINANCING FORMULA) ARE DETERMINED
LATER THIS YEAR. PORTER

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